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**HENRIETTA M. LARSON, *Editor***

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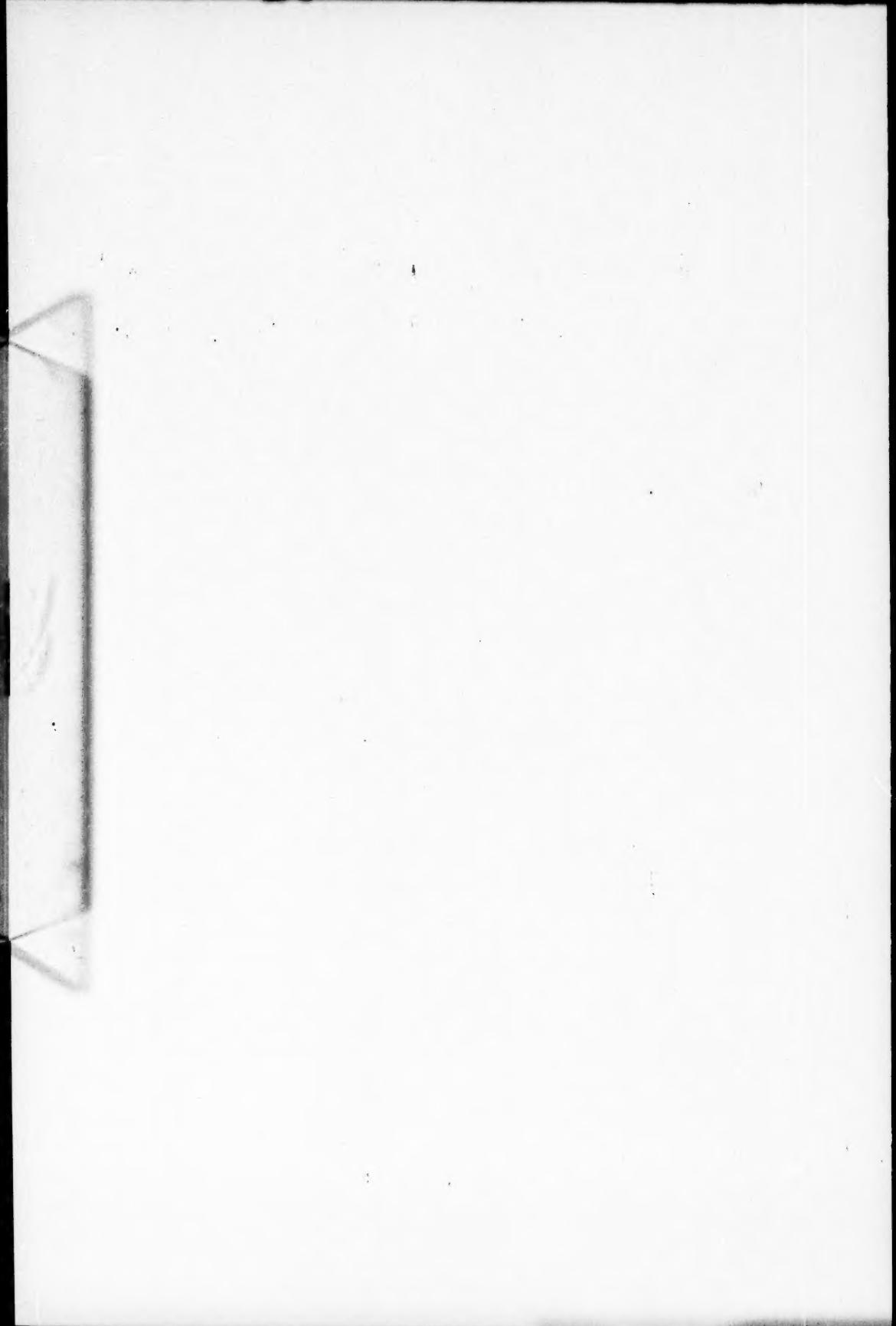
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## Selections from the Autobiography of Thomas Mellon—I

Why are some men notably successful in business? In the case of one of the most outstanding American business families we have the story of the beginnings of the family's success as told in the autobiography of its founder. That story is a significant one. It deals with the genesis of a business group which has been of tremendous importance; it throws light on the condition of American business during and immediately after the Civil War; and, most important to those interested in business history, it gives something of an answer to the question as to the reasons for success in business. Since the book is not readily available—it was written for the family only, was privately printed, and is found in few libraries—excerpts from it will be published in this and a later issue of the BULLETIN.<sup>1</sup>

The writer was Thomas Mellon, lawyer, judge, and business man of Pittsburgh. Mellon was born in 1813 in County Tyrone, Ireland—of Dutch and Scottish stock, he thought—and in 1818 he was brought to America by his parents. The family settled in Western Pennsylvania, where the father became a moderately well-to-do farmer. Young Thomas in his fourteenth year had an experience which he regarded as the turning point of his life; at a neighbor's house he "happened upon a dilapidated copy of the autobiography of Dr. Franklin." The book influenced him to become "more industrious when at school, and more constant than ever in reading and study during leisure hours."<sup>2</sup> He was sent to an academy near home and attended Western University. He taught school for a short time and studied law with an ex-judge of the Court of Common Pleas of Allegheny County. He opened his own law office in 1839, practised law, was a judge for many

<sup>1</sup>The copy in the Library of Congress has been used in preparing these excerpts.

<sup>2</sup>*Thomas Mellon and His Times* (privately printed by Wm. G. Johnston & Co., Pittsburgh, and dated 1885), p. 170.

years, and finally, on retiring from the bench, entered the banking business in 1870.

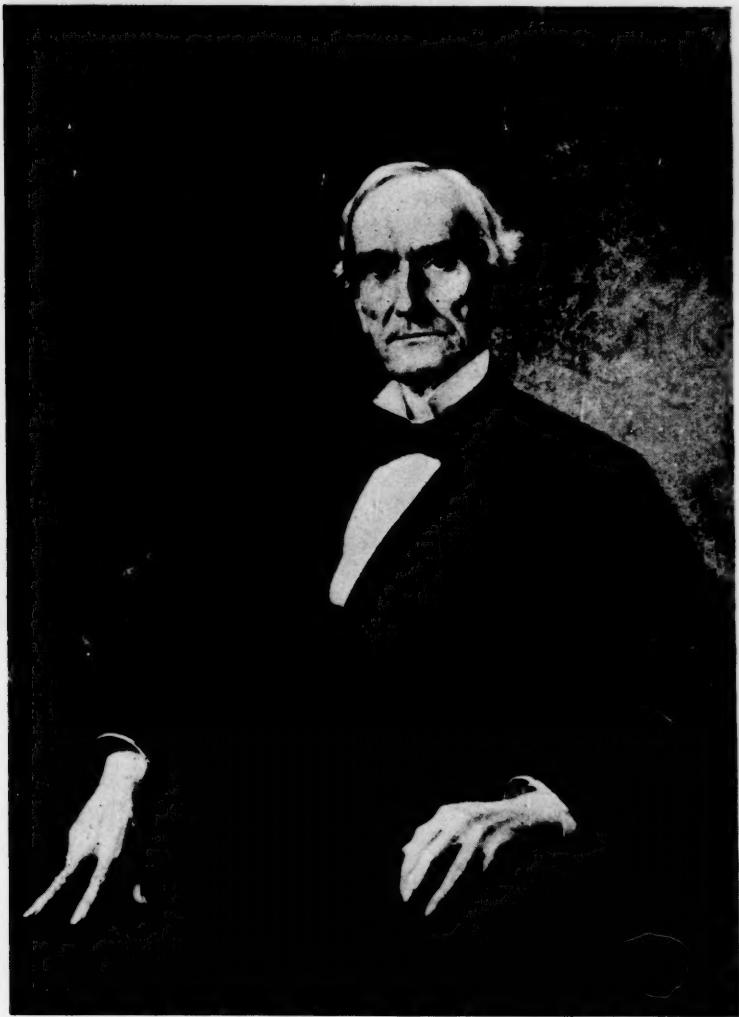
Mellon was a man of high intellectual capacity and a man of his times. He had an inflexibly logical mind, a striking power of self-analysis, and a rare capacity for being honest with himself and others in what he thought and wrote. He was a Presbyterian by birth. In his religious beliefs, however, and in his economic, social, and political thinking he was clearly influenced by Bentham, Darwin, and Spencer.

In the preface to his autobiography Thomas Mellon expresses his own philosophy of success. In explaining why he wrote the book, he made the following revealing statement:

And besides the purposes previously indicated, I cherish the hope that, should an old copy of the book happen to fall into the hands of some poor little boy among my descendants in the distant future, who, inheriting a share of my spirit and energy, may be desirous of bettering his condition, it may tend to encourage and sustain his commendable ambition. It may show him that industry and perseverance will overcome what without them would be insuperable; and that the more insurmountable the obstacles in his way, the greater will be his satisfaction in overcoming them. It may serve to impress on him the truth of that important rule of life which demands labor, conflict, perseverance and self-denial to produce a character and accomplish purposes worth striving for. And it may tend to assure him that such a course carries with it more real satisfaction and pleasure than a life of ease and self-indulgence.

It may also not be amiss here to remind others of my descendants that, whilst family pride founded on ancestry, without good qualities in themselves to sustain it, is a sure sign of weakness and degeneracy: yet just enough such pride to produce self-respect, in connection with average good qualities, is a valuable preservative against low associations and bad habits.

Mellon wrote his autobiography, *Thomas Mellon and His Times*, when he was about seventy years of age. This is a rare book—a faithful account, which is notable alike for its careful recording of facts and its thoughtful appraisal of their meaning. Since it is a general autobiography, only a part of it is devoted to business. That part, however, deals with the score of years when the Mellons—the father and four sons—were laying the foundation of their business and their great fortune. The four sons figuring in the story of business success told by the father were Thomas A. (born in 1844), James Ross (1846), Andrew W. (1855), and Richard Beatty (1858).



THOMAS MELLON. 1813-1908

The excerpts from the book presented below have to do with the entry of Thomas Mellon and his sons into business, what they did, and what success they had from about 1862 to 1873. A later issue of the BULLETIN will carry the narrative forward through the decade which followed, a period of panic, liquidation, and recovery.

### THE MELLONS ENTER BUSINESS

From *Thomas Mellon and His Times*, pp. 373-390.

This period of happy home rule wore on, till Thomas and James were through with their education and ready and eager for the earnest work of life. They had not yet attained their majority, but were ambitious to be accomplishing some useful purpose. I was awake to the importance of two principles applicable to the employment of young men setting out in the world: first, that the employment should have respect to their inclination, and be within the scope of their abilities; second, that they should have the stimulus of self interest to encourage them. Work is oppressive where nature, inclination or education withholds the necessary qualifications, and in time becomes irksome where no other motive but duty exists for its performance. I made it a rule therefore, even in their childhood, to give them a pecuniary interest in the performance of whatever work they chose to engage in. In this way the earning of pocket money was made a pleasure; and the labor of earning it afforded them an idea of its value and a disposition to economize its expenditure. I have never seen young men converted into hardy, durable business men by the forcing process. They flourish so long as you supply them with capital, but wilt like plants in a hot-house when the artificial stimulus is withdrawn. They must in self reliance travel the rugged road of experience, and learn to surmount the natural difficulties on the way to success. Acquisitions to be permanent must be the genuine product of their own thought and labor. In the making of a young business man too much capital at the start renders his task too easy, and is oftener injurious than otherwise. What he has hard work to get will stick to him longest.

When boys, Thomas and James appropriated a small piece of our homestead grounds to the purposes of an amateur nursery of shrubs and flowers. When at home from school they found both exercise and recreation in its cultivation, as well as profit in

the sale of its products. This gave Thomas a taste for such employment, and when about eighteen and through with school, General James S. Negley, who for some years had maintained the most extensive nursery farm in the neighborhood, well stocked with young fruit and ornamental trees and shrubbery and flowers of all varieties, proposed to sell out to him at a tempting figure. The general had gone into military service shortly before, and found his absence injurious to his business at home. To purchase and manage this stock, and sell it out together with his own at retail was my son's first enterprise, as he did not intend to make a permanent business of it. It seemed to me too much for one of so little business experience to undertake; but not caring to discourage laudable ambition in the right direction I advanced him three thousand dollars to pay the general. He labored at it vigorously, and, with that kind of judicious management which always insures success, he was able in a short time to refund what I had advanced him with interest; and in less than two years wound up the whole business with a net profit of several thousand dollars. I considered it quite a promising beginning.

In our correspondence [the father and James, who had gone to Wisconsin and Minnesota] we consulted freely on the subject, and he seemed to have taken a liking to the foundry business. He had some acquaintances at Milwaukee who were quite successful in it, and it seemed as good at the time as anything else. The [Civil] war was still in progress and every business was prospering exceedingly. This was the germ from which sprung our foundry and machine shops at Braddock. With the aid of an old friend and practical foundryman, Thomas McVey, I had the establishment constructed for James' benefit, expecting he would go into it as a regular employment when he came home; but whether or not he should do so, I believed it a good investment in that locality. But shortly before his return I had purchased the Osceola Coal Works from David Steen. They were in full operation, with coal yard and office on Ross street in the city. The object in the purchase of the works at the time was to resell them at a profit, or let them out on lease. But James, on his return, preferred to lease them and go into the coal business instead of the foundry. He was yet in his boyhood, without business experience, and I hesi-

tated very much to allow him to undertake such a task, or assume the care, labor and responsibility of a business so extensive, complicated and troublesome as running a coal works and retailing its product. But he professed himself equal to the requirements and insisted on trying it.

There could not be a much more difficult business imagined for an inexperienced youth to take hold of. The management of coal mines with a hundred or more miners and employees, and the railroad transportation and disposal of the product by retail in the city, with the difficulty of collections and probability of many bad debts, was rather more of a task than I thought he ought to undertake. But thinking it best not to discourage him, I rented the works to him with a good deal of misgiving as to what might be the upshot. It was his first adventure in business and I thought it best to let him experience its difficulties and responsibilities; so I gave him a regular lease on the usual terms, fixing the rent at fifty cents per hundred bushels or about twelve and one-half cents per ton, with a full understanding that the rent was to be paid promptly. I think it advisable always to have young men depend solely on their own exertions at the start; to afford them the opportunity but not render it too easy for them to make money. He had returned from Milwaukee in August, 1864, and in January, 1865, when all was ready, Steen vacated and James took his place; and to my surprise, inexperienced as he was, he managed the business from the start with more tact and ability than Steen had done. He made considerable improvements in the city coal yard and paid his rent promptly—much more so than the parties who had other coal works rented from me at the same time. His business prospered remarkably well for a couple of years until a general depression in the local coal trade took place, after which it was found scarcely to pay expenses; and this depression continued until he deemed it best to sell out his lease to another party, C. Schad & Co. After settling all matters he came out with over five thousand dollars net profit; and had managed his retail sales so carefully that his aggregate losses did not exceed fifty dollars.

After this, neither of them cared for the foundry business. Other departments of the iron business I always regarded as too fluctuating, and requiring too much capital and constant attention to be safe or desirable. And with a view to its advantages for business purposes, I had purchased a piece of ground at the corner

of the Pennsylvania railroad and Station street, about an acre and a quarter. It was then part of an orchard, but in good position for a railroad siding and retail coal trade. Here, as soon as a coal and lumber yard was constructed, Thomas, having previously closed out his horticultural enterprise, engaged in the business of coal and lumber and building materials, in which a thriving and profitable trade was soon established; and when James sold out his coal business in the city as already mentioned, he joined his brother in the same business where they have been prosperous for now over twenty years. After selling such parts of the lot on Frankstown avenue as could be spared I leased the residue to them, at first on a full rent and afterwards, when they were well established and prosperous, at an easier rate. This was pretty much all the pecuniary benefit I ever extended them, as they always paid interest for and returned promptly any money they borrowed from me in their business. Youth and the vigor of manhood is the period when nature supplies men with energy, hope and courage to surmount difficulties and achieve fortune; and at this period of life they ought to succeed, if at all capable, without assistance. Indeed the most I have done for any of my boys was to point the way and direct them in it. Had they needed help at any time I would of course have gone to their rescue, but none of them ever needed it; and Thomas and James, by the time they were twenty-one years of age, had accumulated between them over one hundred thousand dollars. The gratification to me from the uniform good judgment, good habits, industry and aptitude manifested, and the congeniality of feeling between themselves which produced such results at so early an age, can only be fully understood by a parent whose life and hope is centered in his children. Most of my enterprise and exertion has been with a view to their benefit rather than my own. I had already done enough and accumulated enough for my own ends. I never had any ambition to achieve fame or notoriety or great wealth or prominent public position; but always preferred rather to go on in a quiet and unostentatious way, and having no expensive tastes to gratify it required but little to afford me a competence and independence.

I do not wish it understood, however, that the remarkable success of those two boys at such an early age was due to great talent or extraordinary abilities. It was simply the result of good

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judgment and persevering industry, and the tact to improve their opportunities during a remarkably favorable period for making money. It was such a period as seldom occurs, and hardly ever more than once in any one's lifetime. The period between 1863 and 1873 was one in which it was easy to grow rich. There was a steady increase in the value of property and commodities, and an active market all the time. One had only to buy anything and wait, to sell at a profit: sometimes, as in real estate for instance, at a very large profit in a short time. Taking advantage of this state of affairs I advanced money to them from time to time to purchase land in suitable localities about the city, which after dividing into building lots they would sell at enormous profits, always refunding me the money advanced with interest, and in some instances a share of the profits also. In this way too they extended the demand for their lumber and building materials and enabled men of small means to obtain homes of their own: as at Homewood, where sixteen acres were purchased for less than twenty-five thousand dollars, and upwards of one hundred and fifty thousand realized out of it eventually.

. . . . .

When at liberty, after my judicial term expired, I began to cast about for a new vocation. It is always better to adopt some regular business to which we are accredited, and I did not care to return to the legal profession as I had now too many pecuniary and other interests of my own to make it profitable to attend to the affairs of other people; and in view of the condition of the times, and the position it might afford for some of my younger sons, I concluded to open a banking house. Accordingly I procured a suitable location on Smithfield street, and had it fitted up and ready to commence business at the first of January, 1870, a month after I had left the bench. Samuel McClurken was my first cashier. He was young and without experience, but he did very well for the small amount of business to begin with.

My sons Thomas and James had some time before organized a joint stock savings bank at East Liberty, which was obtaining a liberal share of deposits, and its management interfered but little with their other business. The banking business was unusually active at the time, and continued more and more so until the collapse of 1873. New banking organizations were forming numerously

all over the city, and new buildings were in course of erection for their accommodation in almost every ward. Money was seemingly plentiful, special rates of interest in private banks from eight to twelve per cent., and fair lines of deposit. But money performed a small share in the vast volume of business transactions. Speculation was rife. My credit was good and attracted depositors to both our banks. Business had been prosperous so long, and money in the banks so abundant, it never occurred to any one that an occasion might arise suddenly when all the deposits loaned out on mortgages would be demanded by depositors at once, or as speedily as their deposit certificates would admit of. The reason for money being so plentiful was that credit had usurped its place, and people had become accustomed to purchase property and do business chiefly on credit. This inflated the sphere of speculation in all directions to a most unwise and unwarranted extent. Every one saw that his neighbor was growing rich by buying on credit and selling again on credit at a profit; but very few had any conception of the extent of debts and liabilities which underlaid this apparent wealth, and was liable to explode at the first spark of distrust. Business activity and inflation had received such an impetus during the war that it went on increasing by its own momentum afterwards.

At an early age I had seen the disasters produced by the great collapse of 1819, which followed the war of 1812; and expected a similar collapse after the late war, but had forgotten the fact that the collapse of 1819 was delayed so long after the war of 1812; and, in the present instance, the time of prosperity was so remarkably prolonged that I began to doubt my apprehensions, and to think it possible that some special virtue in our new green-back currency and national banking system had averted a collapse altogether. For a couple of years or so after the end of the Rebellion I had expected such a collapse and was fully prepared for it, and lost some fine opportunities by over cautiousness; but instead of a collapse business went on increasing and prices advancing. Such an excellent and reliable financial and banking system had never before existed in the country, and we were led to attribute the apparent prosperity and continued stability of affairs to it. This threw us off guard, and as much better rates of interest could be obtained on long loans, and mortgage securities were much safer than common promissory notes, especially ac-

commodation notes which were most common, we allowed a large proportion of our own bank capital and deposits of both banks to be invested in mortgages and similar securities.

Our business in the purchase and sale of real estate also was extensive and profitable. The price by the acre at this time, where it was suited for dividing into building lots, ranged from four to eight thousand dollars cash; and when divided into lots sold at prices, according to locality, ranging from six to eight hundred each, and at not less than twelve lots to the acre, usually more than doubled the investment in a very short time. In ordinary times the sales would have been too slow to be encouraging; but a mania existed in all classes for dealing in lots and other real estate, not alone for actual use but speculation. Every workingman and mechanic who had saved up any money invested in a lot, even if they could pay but a small portion of the purchase money, securing the balance on deferred payments. Even professional men and merchants joined the throng of purchasers. Our business in that line was conducted by private sales to individual applicants. But public sales was the general custom with others, who advertised extensively, and by means of brass bands and excursion trains, and the distribution of refreshments, would gather a crowd on the premises from time to time and dispose of large numbers of lots at auction. At the same time that this excitement in lots and real estate sales was raging, new railroads were under course of construction in all directions, and railroad bonds, and stocks bearing high rates of interest were pressing for purchasers at temptingly low prices. Such was the condition of affairs when I left the bench, and until the general collapse of 1873.

After I had our banking house in the city put in order and the books opened, and business fairly started, I made an interesting trip to New Orleans, my son James superintending the city bank in my absence. It was at the end of January, 1870, and I accompanied Captain William Ward, who had a business transaction in that city requiring some legal attention. I had never been further south myself than to Cincinnati, and thought I could spare the time now better than after my new business should assume larger dimensions; and Captain Ward was an agreeable traveling companion.

[To be continued.]

## The Corporation and the Historian

The above was the subject of a session at the annual meeting of the American Economic History Association held in Princeton, New Jersey, late in September of the present year. The main paper was presented by Dr. Stanley Pargellis of the Newberry Library in Chicago. The discussion was led by Mr. Ralph Budd, president of the Burlington Lines, by Professor Colston Warne of Amherst College, and Professor Kent Healy of Yale University. Lively discussion followed from the floor.

To those interested in business history as a subject for research and study, this was both an interesting and a significant session. The fact that a whole session of a meeting of economic—not business—historians was devoted to business history and drew an intelligently interested and enthusiastic audience marks a great advance in academic interest in the subject. It is only about fifteen years since the first session devoted to business history was held in a meeting of historians, and that was sponsored by the Business Historical Society. The recent meeting was marked by the attendance of several business men, one of whom participated in the discussion. Such a joint interest and effort on the part of the scholar and the business man has not been uncommon in the natural sciences, but it has been notably rare in the social sciences, especially in history. The coming together of the two around a common interest bids fair to help bridge the gulf that has traditionally separated the scholar and the business man.

Dr. Pargellis' paper and the discussion contained much that would undoubtedly be of interest to members of the Society. Since they are appearing in several forms, they will be available for any one who chooses to read them.<sup>1</sup> Only so much will be given here as will indicate the significant points in the discussion.

Dr. Pargellis described his paper as being in the nature of a

<sup>1</sup>The complete discussion will be printed in *Tasks of Economic History*, the supplemental volume for 1944 of the *Journal of Economic History*. Dr. Pargellis' paper is being printed in pamphlet form by the Newcomen Society. Mr. Budd's paper was summarized under the title "Scholarly Enquiry Merits a Welcome" in *Railway Age*, vol. 117, no. 5 (Oct. 7, 1944), pp. 550-551.

report on progress. He and others had in the past year talked a great deal with corporation executives about opening their records to historians and putting those records in places where they could be used by future historians. They had had some success; they had met some obstacles.

Dr. Pargellis reported that substantial progress had been made in the opening of business records to the scholar. An article in the Socialist *Call* of May 26, "ridiculing the notion that any corporation would ever dare open the black book of its sins to unprejudiced inspection," was, he said, refuted by the facts. He named several large banks and railroads which had recently allowed scholars to use their records or had made or were in the process of making them available to properly qualified researchers. He also spoke of the increasing interest of business men in the history of business. "All this," he said, "begins to assume the proportions of a movement."

Those who have pressed the matter of opening business archives have, however, run into "some fairly solid obstacles." Dr. Pargellis gave various reasons why executives were unwilling to open their records to scholars. The real reason, he believed, was the fact that executives do not have confidence that the historians will tell an honest story. "If corporation officers were convinced that the historians of the country would tell the story as it was, exactly, with full awareness of the ethical and legal standards of the time, with full appreciation of the political and competitive setting in which a business man had to work, I doubt that there would be much difficulty in getting at records." Business men point to the unfair treatment of business in textbooks and, especially, to the failure to recognize the work that business has done. Further, corporation officers say that historians accept as scholarly evidence the findings of Congressional investigating committees, which "are often politically inspired, incomplete, and biased," while they have not used printed evidence "offsetting or supplementing the facts of such commissions."

A most thought-provoking part of Dr. Pargellis' paper was his discussion of the reasons for the failure of the business man and the scholar to understand each other. He was not satisfied, he said, to leave the matter of the corporation and the historian in the name-calling stage, "for it is tragic for any country when the chasm between its intelligent laymen and its professional scholars

becomes as broad and as apparently impassable as this." He held that "scholars and business men can understand one another only if they understand some of the fundamental differences between them." He discussed those differences as he found them in answers to certain questions which should bring the issue down to bedrock: "What do the two think about the nature of the state, of human beings, and of time?"

It is impossible to condense satisfactorily what Dr. Pargellis had to say on these questions but a few quotations will be helpful. "Scholars," he said, "regard the state as a politically organized society for the achievement of certain ends, construed in this country as the general welfare." The business man, he said, has no patience with so broad and vague a term as the state, but to him the "government consists of particular individuals, some able and some not, who have chosen a political or administrative career and learned the ropes well enough to get ahead in it. He knows many of these men personally, even intimately, has his own clear opinions about them, and believes that they, with the sanction of votes behind them, try to increase their jurisdiction and their influence. . . . he is . . . a believer in the multiple or pluralistic state, though he would not want to use that term. His own functions he knows precisely: the production and distribution of goods and services. That he fulfills these functions in an economy where, because his capital comes from them, he must discharge his obligations to stockholders, is incidental to his real job, which is production."

As to human beings, continued the speaker, scholars regard them "as amazingly varied in abilities, capable of extraordinary tenacity, strong in their faiths and hopes, steadfast in their belief in justice, molded and moldable up to a point by the institutions and ideas of their day, but complex, mysterious and incalculable ends in themselves whom all institutions—economic, spiritual, intellectual and social—were designed by them to serve." The executive does not share the above generalized picture. "He regards men, including himself, as instruments for the accomplishment of his functions, as indeed he must. He looks for high qualities of mind and character in his employ, and believes that such qualities should be rewarded in others as in himself. He wants his employees to be happy, because happy workmen produce more." He is "neither a Machiavellian nor a fascist, as he has been called,

but a canny and appraising judge of men of the type he knows and with whom he works."

With regard to the scholar's and the business man's concept of time, there is a distinct difference in emphasis. "Scholars tend to regard the present as a point of time which will soon be past, and will then be subject to their scrutiny. They know that the present is largely shaped by the past, and they like to consider history as a seamless web." For the executive "the present alone is real. He pretends to see no further into the future, though he must constantly stake his company's funds upon it, than the limitations of his plant and equipment, of his reserve fund, of the character of the market, and of government will let him see. When he plans twenty or thirty years ahead, as he must, he knows he is taking a chance. He believes the future to be determined by the decisions of today, as most great administrators in the political field have also believed." He does not hold himself bound by "trends" which the social scientist may discuss; if great changes come in the system he believes, "it will be through the deliberate action of certain men, who, gaining power through political or other means, use it to attain a collectivist society."

Such opposing philosophies, held the speaker, exist, and the "failure to recognize their existence is preventing the historian from doing the kind of job he is under obligation to do." He held that both the scholar and the business executive should broaden their vision and their usefulness. He suggested directions in which to work. He believed that the corporation and the country would benefit greatly if the executive widened the definition of his function. To the scholar he said, "it is nearly a truism that in the long run the limitations which a representative government imposes upon any institution vary according to the social responsibility it assumes." Among other things, he believed that business should deal with the consumer with greater candor, and that the business man's understanding of the future "is in some measure limited by the richness and depth of his understanding of the past."

Upon the scholar falls the greater responsibility, for he presumably has learned to apply the test of reason to his own philosophy. "He fails as a scholar if in that test he fails to evaluate his philosophy against that of the men about whom he writes." Corporation executives accuse the scholar of not living up to the

standards of his profession, of being "so limited by his own inexperience and his own convictions that he is incapable of telling a true story about American business" and of being "so much concerned with the past and so little with the present that he is unaware of his duties to the present."

Finally, the author emphasized the necessity of the scholar's coming to a clearer understanding of business from first-hand experience or observation. He held that "every historian who writes about American business ought to spend at least six months working in a corporation, talking with its officers, seeing decisions made, sitting in committee meetings and meetings of the Board of Directors." Some companies have already given historians temporary jobs so they can get "a 'feel' for what management is and was." More firms would like to do that, said the speaker, but "they will never do it, nor will we or our successors know the full story of this country's greatness and power, unless this present generation of historians enlarges its definition of its own functions and its understanding of the nature of the men and forces at work in our society. Scholarship, ever-changing and ever-changeless, has risen to such challenges before."

Mr. Budd shared with Dr. Pargellis his concern over the history of business and the business man. His own approach to the subject, he said, was "that of a business man who is disturbed by inadequate and sometimes prejudicial use of facts and the possible effect upon the general welfare of conclusions [based on misstatements.]

Concerning Dr. Pargellis' plea for opening corporation records to historians, he said: "I . . . agree readily that in so far as imperfect knowledge of American history is due to lack of access to records, the cause should be removed. I cannot but feel that general acceptance of his proposal by companies whose files have been preserved will go a considerable way toward improving the situation, and do not see what harm could come from making such reports available to scholars, provided of course that in using them consideration be given, as Dr. Pargellis says, to 'the ethical and legal standards of the time, with full appreciation of the political and competitive setting in which a business man had to work.' The availability of corporate documents certainly would

tend to prevent the making of careless or misleading statements which without the records might go unchallenged."

Mr. Budd pointed to the biased treatment of more or less current facts as an indication that "misleading assertions will not be wholly eliminated through this or any other means." The misleading or biased attacks "being made upon business and the individuals who manage it, despite an ample supply of facts, account to a large extent for the reluctance of corporations to make their records available to anyone indiscriminately."

Mr. Budd thereupon called attention to what he called "an axiom in administration" which historians and teachers of history not infrequently forget:

"Some special considerations enter into my feeling about the historian. The very great influence which the teacher and writer of history may have on the youth of America, hence the potential effect of their teachings and writings on the future of the country, seems to me to impose special restraint in the exercise of their exceptional opportunities. To them are entrusted our most precious possessions—our children. Does not the principle, virtually an axiom in administration, that authority and responsibility must go hand in hand apply also to those who wield such strategic power in forming the opinions of the youth? Does not their enjoyment of academic freedom put teachers peculiarly on their honor? Should these things not tend to make them meticulously careful to separate what they state as fact from what they state as opinion, and should not their opinions be carefully identified as such and the opposing views and reasons which support them also given?

"There may be no difference in the quality of honor which we have a right to expect from the banker and that which we have a right to expect from other business men, but some way it always seems worse for a banker whose special function is safeguarding depositors' funds, to default in his trust, than it does for the ordinary man to lose other people's money entrusted to him. Similarly, when facts and truths are misused by the scholar who is honor bound to respect them, it seems more shocking than for the layman to misrepresent in such matters."

In regard to Dr. Pargellis' comparative analysis of the scholar and the business man, Mr. Budd agreed that the differences were

about as described. He commented significantly on Dr. Pargellis' statement that the business man was concerned largely with the present and the immediate future rather than with the long-time factors which were the special concern of the scholar: "I am not sure . . . that the business man who has to plan for the comparatively near future and act promptly is unaware of the long-range possibilities. He has no choice but to deal principally in terms of the present and must assume risks. For him to delay in fear of uncertainties ahead would bring an end to progress. Indeed his venturesomeness may bring into being new forces powerful enough to upset trends based upon the past and to nullify the prophecies of social scientists and historians."

Mr. Budd devoted most of his time to discussing business records and how the historian could be most effective in their use. The fact that gaps occur in records, "because of the considerable oral discussions which precede and often lead to decisions upon policy and the action to follow," make it important, he held, "to get the most complete records possible and to investigate as wide an area of activity as possible so as to know and understand about the general conduct of a company's affairs and the various undertakings of its officers."

He made some practical suggestions for the historian working in railroad history. He considered how the historian could get effective experience from working a short time in a corporation. Though he admitted the great value of inside knowledge thus obtained, he saw practical difficulties in the way and dangers in getting only a little knowledge. For the historian who had only limited time to spend in obtaining knowledge of "corporate policies, their sources, how they are worked out and put into effect" he suggested working in the personnel offices and those offices which handle records of physical improvements, thereafter making short excursions into other departments.

He called particular attention to two types of records, made by the offices having to do with physical improvements, which would be especially useful to the historian. These are the RFAs (Requests for Authority) and the AFEs (Authority for Expenditure) and the files which support them. Each of the AFEs "is literally a piece of painstaking research," some of them requiring months of careful study. "A careful examination of these documents and the files which support them will I think come nearer to

revealing the policy of the company as regards physical and technical improvements and service than will any other procedure."

In closing his discussion Mr. Budd made a notable statement concerning the basis on which the corporation executive and the historian can coöperate. "*An enlightened corporation management,*" he said, "*certainly should not want to influence the historian by any means except by making sure that he has access to all the pertinent facts.*" At the same time, "management not only has a right but a duty to insist that no zealot shall take advantage of access to company records and improperly use them for furthering some theory of his own . . ." Speaking in terms which to business men have deep meaning, Mr. Budd said "that it comes finally to a matter of good faith, which after all is no different from what we must employ in ordinary affairs."

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Dr. Pargellis described his paper as in the nature of a report on progress. It was an interesting report, a record of progress in the way of concrete accomplishment and in describing and appraising obstacles to coöperation between the historian and the business man. That the obstacles are not insuperable was proved by the meeting itself. When business executive and scholar can get together to talk about their common interest in business history, in words that both can understand, with confidence in each other's integrity and intelligence, and with a desire to help each other as far as is possible, there is no question but that real progress has been made.

## Business Men as Collectors

Business men have been notable collectors. Perhaps more than any other group, they have been able to exercise the universal acquisitive propensity of mankind. They have had both the financial means to buy the objects they wanted and the contacts that made it practicable to collect.

It is impossible to catalog the things business men have col-

lected. Coins, stamps, and prints have had a wide appeal. Many men have been interested in mechanical things, from little gadgets to automobile models. John W. Higgins, the president of the Business Historical Society, has a collection of armor of a kind that is rarely found outside great European armories. Many men have been more interested in living things; some men have planted trees, shrubs, and flowers from various parts of the world, while others have been interested in hunting wild animals for museums, or in raising fine horses, dogs, sheep, and cattle. Rare books have been a common object, particularly among business men in older American cities who have been financially able to pursue such an expensive hobby. Original manuscripts of statesmen, writers, and artists have likewise appealed to wealthy collectors. Paintings, sculpture, tapestry, and, indeed, art objects of all types have been regarded as aristocrats among collectors' items.

Business men's collections have varied in quality as they have in kind. On the one hand is the collection, such as that of William Randolph Hearst, which is noted for size and heterogeneity rather than for distinction in unity of conception or quality. On the other hand, there are collections which have been brought together according to some plan and with an appreciation of their cultural significance; an illustration of this is the Winthrop art collection recently given to Harvard University. Collections have also varied from time to time. The old-time mercantile capitalists probably generally collected books to read and art objects to enjoy, while the industrial capitalist frequently collected for the cultural distinction which possession would give him.

By their collecting, American business men have immensely enriched our life. Many of our museums and libraries have had their beginnings in private collections given to them outright or permanently deposited with them. Morgan, Clement, Newberry, Lenox, Astor, and Folger are names that bring to mind libraries the foundations of which were the collections of books and manuscripts made by business men. Frick, Corcoran, Bache, and Mellon represent great museums or collections in the field of art which owe their existence largely to business men. Many whose names are not generally known have, by smaller gifts, helped to build large public collections. A catalog of the collections of business men that have been responsible in large part for our treasure houses of art and literature would be truly impressive. Scholars,

artists, and the public in general are deeply indebted to those men who have drawn rich treasures from the old world and have helped to preserve and develop the culture of the new.

It is significant, however, that among the business men who have been great collectors hardly one can be said to have been notable as a collector of business objects or records. There are a few such collections, it is true—for instance, the McCormick collection in Chicago and the Edison collection in Greenfield, near Detroit—but these are memorials brought together by relatives or friends because of a personal interest in the men rather than out of an interest in what they had done. Considered as examples they are merely the exceptions that prove the rule.

Business men, like so many others, have apparently assumed that business records have not been worth preserving. As a matter of fact, however, many other things collected in the past have not had much intrinsic value—for instance, the rare first edition of a book, a corrected third edition of which may be better from every point of view except that of rarity. The real explanation of the business man's failure to collect business objects or records is probably that he has not seen the general social importance of his work. It would take too long to consider at this point why that is so. Surely this attitude has not grown only out of the business man's own experience; it has permeated the intellectual life of his time and it has deep roots in the culture of the past. Whatever its source, it is one of the realities of our time that has a significance which we are only now beginning to appreciate.

The failure to collect and preserve records of business may in no small measure be responsible for the general lack of understanding of business in our time and the business man's lack of perspective with reference to his own work. It is the special function of the scholar to describe and interpret the past and the present, but, of course, the scholar cannot work in a medium which does not exist. Where he has attempted to study business, he has had to use sources of information which have been inadequate and even unsatisfactory. As a result, our historians have given a distorted or partial view of business, and the economists have fallen back on assumption and logic where they might better have used facts.

We have in the past been able to afford the luxury of neglecting

the study of the administration of business and the place of business in society. The time is now past when business is left to the working of natural law; control of business has become a function of society through government. Probably in the future the very existence of a reasonably stable society will depend, on the one hand, upon the wisdom of our business leaders and of business men in general and, on the other, upon the understanding of the operation of business on the part of the public.

Here is a challenge to the business man as a collector. He has an unusual opportunity to collect business records, which we must have in order to study business of the past. Public depositories cannot go far in collecting this material—only one library in the country has been able to gather and house a considerable collection, and its material is chiefly from New England. Living business concerns can best take care of their own records.<sup>1</sup> A number of railroads are developing archives and are making their materials available for students to use, but material in the hands even of living business concerns is being destroyed all the time. It is clear that collections of business records can be built up only through the vigilance and efforts of many individuals.

This need not be drudgery. One must recognize that the business man becomes a collector in large measure because he needs the fun or the intellectual exercise which the collecting and possession of the things collected yield. The process of collecting records of business and of business men brings an immediate reward. If the collector is looking for entertainment, let him read the account book of a blacksmith-farmer in late eighteenth-century Maine or the letters of a young clerk in the Canton factory of an American mercantile firm of a hundred and twenty-five years ago. If he wants to see how other business executives have operated in the past, he may well read the letters of some senior partner to a junior partner on questions of policy and management in almost any sedentary merchant's firm in mediaeval Italy or as late as early nineteenth-century America. If he wishes to examine his own philosophy of business, he cannot do better than to read one of several books by business men of the late nineteenth century on natural law and business. Or, for an example of the business man's efforts in the field of scholarship, let him read Walter Leaf's translation of the *Iliad*.

Collecting the records of business and of business men can

be recommended as a hobby that need not be expensive. There is enough variety to serve every interest. And, best of all, some materials are close at hand.

First of all come manuscript records of business. Many attics still contain records of the largest and most enduring class of business men the world has ever known, that is, the petty capitalist, be he tradesman, farmer, general storekeeper, innkeeper, or public carrier, or a diversified petty capitalist who was at one and the same time engaged in several kinds of business. The petty capitalist may have left a simple account book or even a letter book or a bundle of letters. A collection of petty capitalists' records might very well give a cross section of town business life for various countries over centuries of time. In older American port cities may still be found, outside the libraries, business records of foreign merchants, the leading business men of their day. The records of nineteenth-century manufacturing firms, banks, public utilities, and other types of business are still largely in private hands, that is, in so far as they have escaped destruction—such records are in a particularly dangerous and uncertain situation today because they are bulky and occupy much-needed space.<sup>1</sup> Few individuals could find space for housing collections of business records of large industrial-capitalist firms. Endowed depositories for such collections are especially needed for salvaging records which would otherwise be destroyed. But the papers of top executives are another matter. Relatively few of the papers of the nineteenth-century industrial capitalists are known to have been preserved but more could surely be uncovered. Even the papers of so important a man as the first Cornelius Vanderbilt have not been found, though there is no record of their destruction.

One should not limit oneself to the business records of the administrator or executive of the firm. The records of the men who have participated in business as employees or agents are

<sup>1</sup>For a discussion of what to save from such records see R. M. Hower's *The Preservation of Business Records*, published by the Business Historical Society. Free copies of this pamphlet, which is now in its fourth printing, are still available. *An Experiment in the Retention and Preservation of Corporate Records* by Carl H. McKenzie, explains in detail the application of record-preservation in a specific firm; published as a supplement to the BULLETIN in February, 1943, this, also, is still in demand throughout the country. Members who care to have extra copies of these pamphlets for their own use or for distribution to others may have them upon request.

often invaluable. Lawyers constitute an especially important class among the business auxiliaries—as Professor Gras has called the professional assistants of business men who work for a fee. The collecting by a Detroit lawyer of the papers of early lawyers of that city has given to the Burton Collection of the Detroit Public Library a unique lot of material on the lawyer's work for the business man. Other important business auxiliaries are the accountant, engineer, and various specialists working as consultants.

Nor need one stop with the actual records of business in operation. The business man's private manuscripts are invaluable. The man reveals himself, and sometimes his business, in his diary or his private letters. If only someone could discover the diary of a business Pepys or the letters of a business Chesterfield to his son! Indeed, one of the important types of materials is the business man's own writings on his life, philosophy, and work, be it a diary, autobiography, reminiscences, or even occasional scrappy writings. Relatively little of this type has been published and very little exists in manuscript collections. While business men are not much given to writing about themselves, many have, at least in their years of retirement from active business, written about their experiences. Very rarely have such writings found their way into print. If such as are extant are not collected and put into the hands of those who appreciate their value, they will in the course of time be destroyed. Business men would do a service in helping to collect and to publish such materials. One might well ask why the records of the experiences of certain other groups in society should be preserved while those of the business man lie unread, eventually to be destroyed.

Probably the easiest thing to collect is a type of business record that is rarely saved by libraries but sometimes accumulates in homes. Generally this material is thought to have only ephemeral value, while as a matter of fact it may be an important source of information about business. There is an endless variety of this type: labels, tradecards, poster or broadside advertisements, catalogs, city, business, and telephone directories, circulars, trade journals, house organs, and the vast miscellany of pamphlet material issued by corporations, and memorial or anniversary publications. A notable collection of around 250,000 items of such business Americana has been made by Mr. I. Warshaw. This Warshaw Collection, which was recently offered for sale, will

make a valuable addition to the business history research facilities of whatever institution acquires the material.

For those who prefer to collect books or popular printed materials there are endless possibilities. The books of outstanding economic writers are of great significance; Dean Vanderblue has made a comprehensive collection of different editions and translations of Adam Smith's *Wealth of Nations* (the bible of the nineteenth-century industrial capitalists). The works of lesser economists—for instance, textbooks used in American schools in the nineteenth century—are likely to be overlooked even though they may have been influential in shaping the economic thought of their time. The success or inspirational books of the late nineteenth and early twentieth centuries are very interesting and revealing. The boys' books of the Alger type may have had a wide influence, and some business man could have a good time trying to make a complete collection of Alger books. (Even the biographer of Alger failed to find a complete collection of his works.) The short story in newspaper and magazine about business men and the more lasting fiction in which business plays a part reflect the man and his place in society. One very revealing book is that in which the business man philosophizes about business. A notable collection could be made of literary or scholarly works of high merit written by business men. A rare opportunity exists for collecting such books as were found in office libraries—the sedentary merchant had books on the geography, laws, customs, taxes, money, and other things which he had to know about the ports or countries with which he traded. In later times specialized manuals of various kinds came into use—a collection of *Poor's Manuals* is of great value. Another possibility is the textbook used in schools of training for business—it tells a story not only of business education but of business thought and the organization of business and its practices.

The machines or tools which the business man used in conducting his business, or his office and its furniture should not be forgotten. Machines have not been collected to any great extent in the United States, but the industrial museum has made a beginning here. The office and its tools have been neglected. Accounting and filing media have had an interesting history. The sedentary merchant's pen, inkwell, desk, and chair may not have disappeared entirely. Would it not be possible to collect the things

used in a colonial counting office just as it has been to restore a colonial kitchen? The Hanseatic Museum in Bergen, Norway, was—may it still be!—one of the world's finest examples of the mediaeval mercantile capitalist's place of business.

Pictures should not be neglected—pictures of buildings, machines and tools, and the business men themselves. Pictures of men at work have unusual value, that is, the business executive in his office, the craftsman with his tools, or the modern worker at the machine. This was a favorite subject of late mediaeval painters, and indeed, one American artist, Gerrit A. Beneker, about twenty-five years ago made a series of paintings of American laborers that is a truly remarkable representation of the industrial worker. Portraits, etchings, and photographs of subjects of interest to business no doubt exist in abundance in private hands. The collector of manuscripts should always attempt to obtain pictures that represent the men or business concerns whose records he has collected, but for those persons who are interested in collecting pictures, only, there are endless possibilities.

While the first consideration is to collect and keep the material safely, there are some practical matters which should be kept in mind. It is important to identify each item or group of material as far as possible. The date, place, name of individual or firm with whom the item originated, as well as the kind of business concerned, should be recorded as far as possible if the information is not given in the material itself. In the interest of order, some simple and useful classification and arrangement should be adopted early. The first consideration should always be to preserve the material as nearly as possible in its original form, though some materials are much more easily preserved if bound. Such rare things as business men's diaries or other writings of business men might well be given the luxury of attractive binding. For fine workmanship and art in the binding of business records we have yet to equal the mediaeval Italian firms—the Medici and Barberini, for instance, some of whose records are in the Baker Library at the Harvard Graduate School of Business Administration.

Important and interesting results should come from the collecting of materials about business and business men. As a hobby it promises much to the collector, himself. Moreover, following the logic of our experience with art and literature, out of such

collecting would presumably grow great libraries of source materials on the history of business.

Those materials should contribute toward developing a clearer recognition of the business man's function in society. One of the most dynamic figures in modern times, creative of the new and destructive of the old, an important catalyst in the process of social change, the business man should have been given a closer examination and greater recognition by society than he has received. That he has received neither is partly his own fault because he has not helped to make known to society the nature and results of his own work.

Above all, business records should be treasured as evidence of a great coöperative social effort and experience. The records of business men and companies are as truly national public treasures as any records in existence. Some concerns have affected the destinies of numberless people, and some business leaders have been of the greatest social importance, while American business as a whole has been basic to our existence and development. Business records, however, not only show what business has done. They are the means for learning from the experience of the past and for gaining perspective on the present and future.

Without the business man's help those records cannot be saved, properly housed, and made available for research and study. As the business man has aided in bringing about a greater appreciation of art and of cultural development, so he may also serve in providing the materials which should help to bring about a better understanding of the function of business and of how that function may best be performed.

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## George Avery Rich

George Avery Rich, a charter member of the Business Historical Society, died at his home in Attleboro, Massachusetts, on November 7.

A native of Maine, where he was born at Charlotte on October 20, 1863, Mr. Rich received his college education at Wesleyan College in Middletown, Connecticut, where he received the B.A. degree in 1886 and the M.A. in 1889. In 1886 he entered newspaper work in Boston as a reporter. From 1887 to 1898 he was with the *Boston Daily Journal*, first serving as financial editor and later as business manager. In 1898 he entered the brokerage business, with Tower, Giddings & Company, and became a member of the Boston Stock Exchange. He was a member of the governing committee of the Exchange from 1913 to 1927 and again from 1934 to 1938, and he also served as secretary from 1916 to 1937.

George Rich was one of that small group of Boston business men who were in a large measure responsible for the establishment of the Business Historical Society in 1925. He was president in 1935-37 and a member of its Council from the beginning until his death in 1941, having been made an honorary member.

The Society owes much to him for his faithful work, particularly during the dark days of the depression. There is no measure of his full contribution as a member of the Society. He was a quiet, unassuming man, but those who were close to him felt the warmth of his interests. He imparted to others something of his own enthusiasm for business history and his belief in its value as an avocation for the business man and as a subject worthy of serious study by the scholar.

## Percy Selden Straus

Percy Selden Straus, a member of the Business Historical Society, died on April 6, 1944. His passing has special significance for business history. It was Percy Straus and his brothers, Jesse and Herbert, who endowed the Straus Professorship of Business History at the Graduate School of Business Administration of Harvard University, the only chair for that subject in the country and indeed in the world. He thus participated in giving business history that academic recognition and continuity which have been a vital factor in the establishment of the subject as a field for research and study.

Percy Straus was born in New York City on June 27, 1876, the second son of Isidor Straus. After attending Dr. Sach's Collegiate Institute, he entered Harvard University in 1893. Upon graduating in 1897, he entered R. H. Macy & Co., the New York department store owned by his father and uncle. He remained with Macy's throughout his whole life with the exception of a short period in the late 1890's when he served as secretary to his uncle, who was then United States Minister to Turkey.

He began his work with Macy's in the receiving department, and he moved from one department to another until he was familiar with the principal operations of the store. Early in the century he began to take on heavy responsibilities in store management. On the death of Isidor Straus in 1912, the three brothers succeeded their father as partners in the firm and two years later they purchased their uncle's interest. On the incorporation of the firm in 1919, Percy Straus became vice-president; he was president from 1933 to 1940, thus serving as chief executive in the depression years. He became chairman of the board in 1940, but ill health prevented him from full participation in business in his last years.

Percy Straus and his brothers created the modern Macy's. In doing this, they revolutionized its administration, changing it from a more or less loose agglomeration of departments to a well-integrated institution. The special province of "Mr. Percy,"

as he was called throughout the store, was store systems and management, including personnel, maintenance, and delivery. He is especially known for his work in personnel organization. He stressed the need of well-educated men and women in business; indeed, he was a leader in bringing men and women with a liberal education into subordinate management or routine positions in business. And he was one of the first men in American retailing to look upon the training of personnel as an indispensable function of business. Throughout his career as a retailer he worked to make merchandising into a real profession.

From Macy's Mr. Straus's influence reached out to other companies and institutions. He was a director or officer of department stores which were Macy-controlled in Toledo, Atlanta, and Newark, and a director of the New York Life Insurance Company. He was also one of the founders and a director of the American Retail Federation. A benefactor of New York University, he was a member of its council and he gave strong support to its School of Retailing. Other educational institutions as well as charities were likewise aided by him.

Those who knew Percy Straus or observed him at work were impressed by the quality of his intellect. He had a rare capacity for cold, logical thinking and for thinking in terms of essentials. There was a certain pathos in his life in that by circumstance he became a business man, while by inclination he would have been a lawyer or a teacher. He was deeply conscious of the fact that in the last several years of his life he was unable to find the time or the energy to read books thoughtfully. This is one of the sacrifices which the business administrator frequently has to make under the drive of the demands and the responsibilities of his position in business.

## Secretary's Column

In addition to the material which has been acknowledged in this column throughout the year, the Secretary has received the following exchanges during 1944:

- From American Association for State and Local History, Washington, D. C.: *The Records Collector*.
- From American Petroleum Institute, New York City: *Quarterly*.
- From American Management Association, New York City: *The Management Review* for 1944. *Packaging Series*: Nos. 8-12. *Production Series*: Nos. 147-154. *Management News*. *Personnel*. *Office Management Series*: No. 103. *Personnel Series*: Nos. 75-82. *Financial Management Series*: Nos. 75-77. *Special Report no. 4, How to Establish and Maintain a Personnel Department*. *The Management Index*. *Insurance Series*: Nos. 54-59. *Marketing Series*: Nos. 54-56.
- From Chicago Historical Society, Chicago: *Bulletin*.
- From General Motors Corporation, New York City: *Second Quarter Report*.
- From State Historical Society of Missouri, Columbia: *Missouri Historical Review*.
- From The National Provisioner, Chicago: *National Provisioner*; also *Index*.
- From Society for the Preservation of New England Antiquities, Boston: *Old-Time New England*.
- From Oregon Historical Society, Portland: *Oregon Historical Quarterly*.
- From University of Oregon, Eugene, Oregon: *Oregon Business Review*.
- From University of Washington, Seattle: *Pacific Northwest Quarterly*.
- From Rhode Island Historical Society, Providence: *Rhode Island History*.
- From Southern Pine Association, New Orleans: *Weekly Trade Barometer and Supplement*.
- From Trade Survey Bureau, Tanner's Council of America, New York City: *Production Reports*.
- From Texas State Historical Association, Austin: *Southwest Historical Quarterly*.
- From William and Mary College, Williamsburg, Virginia: *Quarterly*.
- From State Department of History, Cheyenne: *Wyoming Annals*.

### FOREIGN

- From Manufacturer Publishing Co., Ltd., Sydney, Australia: *The Australasian Manufacturer*.
- From Royal Bank of Canada, Montreal: *Monthly Report*.
- From Banco Central de Chile, Santiago: *Boletin Mensual*.
- From Nottingham Chamber of Commerce, Nottingham, England: *Journal*.
- From Royal Economic Society, London: *The Economic Journal*.
- From Institute of Bankers in Ireland, Dublin: *Journal*.
- From Comision de Coordinacion, Mexico: *Planificacion Economica*.
- From Departamento Autonomo de Prensa y Publicidad, Mexico: *Revista de Estadistica*.
- From Federacion Rural, Uruguay: *Memoria Anual*.